



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

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NEWS RELEASE

FOR RELEASE

February 27, 2003

Contact: Andy Nielsen

515/281-5515

The Office of Auditor of State today released an audit report on Des Moines County, Iowa.

The County had local tax revenue of \$40,591,598 for the year ended June 30, 2002, which included \$3,164,745 in tax credits from the state. The County forwarded \$31,350,709 of the local tax revenue to the townships, school districts, cities and other taxing bodies in the County.

The County retained \$9,240,889 of the local tax revenue to finance County operations, a 5 percent increase from the prior year. Other revenues included \$5,564,175 from the state including indirect federal funding, \$470,599 from direct federal grants and entitlements, \$1,374,052 in local option sales tax and \$322,536 in interest on investments.

Expenditures for County operations totaled \$18,111,318, a 5 percent decrease from the prior year. Expenditures included \$3,801,057 for mental health, \$3,741,334 for public safety and \$3,326,754 for roads and transportation.

The report contains recommendations to the Board of Supervisors and other County officials. For example, the County Sheriff should deposit telephone rebate proceeds into a Special Revenue Fund to ensure that purchases are properly budgeted and reflected in the County's accounting system. Utilizing the same process of depositing revenues with the County Treasurer and expending resources with County warrants, after Board approval, provides for stronger segregation of duties and helps ensure that all public funds are spent for the purpose for which they were received. The County's responses are included in the audit report.

A copy of the audit report is available for review in the office of the Auditor of State and the County Auditor's office.

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DES MOINES COUNTY
INDEPENDENT AUDITOR'S REPORTS
FINANCIAL STATEMENTS AND SUPPLEMENTAL INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2002

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Des Moines County
Officials
(Before January 2002)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Ben Diewold	Board of Supervisors	Jan 2003
Timothy Hoschek	Board of Supervisors	Jan 2005
David Miller	Board of Supervisors	Jan 2005
Carol S. Copeland	County Auditor	Jan 2005
Patricia A. Bean	County Treasurer	Jan 2003
Anita Conwell-Kohl	County Recorder	Jan 2003
Mike Johnstone	County Sheriff	Jan 2005
Patrick C. Jackson	County Attorney	Jan 2003
Michael Anderson	County Assessor	Jan 2004

Des Moines County



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Independent Auditor's Report

To the Officials of Des Moines County:

We have audited the accompanying general purpose financial statements, listed as exhibits in the table of contents of this report, of Des Moines County, Iowa, as of and for the year ended June 30, 2002. These general purpose financial statements are the responsibility of Des Moines County's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Des Moines County at June 30, 2002, and the results of its operations for the year then ended in conformity with U.S. generally accepted accounting principles. Also, the Comparison of Receipts, Disbursements and Changes in Balances - Actual to Budget (Cash Basis) presents fairly, in all material respects, the cash transactions and the legally adopted budget of the governmental fund types and expendable trust fund of Des Moines County for the year ended June 30, 2002.

As discussed in Note 12 to the general purpose financial statements, Des Moines County intends to implement Governmental Accounting Standards Board (GASB) Statement Number 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments; Statement Number 37, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments; Omnibus; and Statement Number 38, Certain Financial Statement Note Disclosures, for the fiscal year ending June 30, 2003. The effects of these statements are expected to significantly impact the presentation of the County's financial statements and related notes in the year of implementation. The revised requirements will include the use of the economic resources measurement focus and full accrual accounting, as well as an analytical overview of the County's financial activities in the Management's Discussion and Analysis introduction to the basis financial statements.

In accordance with Government Auditing Standards, we have also issued our reports dated October 11, 2002 on our consideration of Des Moines County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the general purpose financial statements for the three years ended June 30, 2001 (none of which are presented herein) and expressed unqualified

opinions on those financial statements. The supplemental information included in Schedules 1 through 9, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in our audit of the aforementioned financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

October 11, 2002

Financial Statements

Des Moines County
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 2002

	Governmental Fund	
	General	Special Revenue
Assets and Other Debits		
Cash and pooled investments:		
County Treasurer	\$ 3,298,666	1,863,034
Other County officials	-	-
Cash held in escrow by South Iowa Area Detention Service Agency (note 6)	-	-
Receivables:		
Property tax:		
Delinquent	81,944	28,855
Succeeding year	6,218,000	2,658,000
Interest and penalty on property tax	13,198	-
Accounts	26,856	-
Accrued interest	79,488	11
Special assessments:		
Current	-	-
Future	-	-
Drainage assessments:		
Current	-	-
Future	-	-
Due from other funds (note 3)	84,585	2,249
Due from other governments	259,513	245,322
Inventories	-	212,706
Prepaid insurance	87,156	-
Property and equipment (note 4)	-	-
Amount available in Capital Projects Fund	-	-
Amount to be provided for retirement of general long-term debt	-	-
Total assets and other debits	\$10,149,406	5,010,177

Types	Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Debt	
353,187	2,745,509	-	-	8,260,396
-	170,985	-	-	170,985
15,000	-	-	-	15,000
-	390,976	-	-	501,775
-	28,970,000	-	-	37,846,000
-	-	-	-	13,198
-	82,404	-	-	109,260
-	-	-	-	79,499
-	31,393	-	-	31,393
-	190,238	-	-	190,238
-	1,616	-	-	1,616
-	60,812	-	-	60,812
-	-	-	-	86,834
4,827	3,218	-	-	512,880
-	-	-	-	212,706
-	-	-	-	87,156
-	-	17,246,547	-	17,246,547
-	-	-	15,000	15,000
-	-	-	671,061	671,061
373,014	32,647,151	17,246,547	686,061	66,112,356

Des Moines County
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 2002

	Governmental Fund	
	General	Special Revenue
Liabilities, Fund Equity and Other Credits		
Liabilities:		
Accounts payable	\$ 162,714	337,867
Salaries and benefits payable	12,886	14,859
Due to other funds (note 3)	-	-
Due to other governments (note 5)	18,250	191,299
Trusts payable	-	-
Deferred revenue:		
Succeeding year property tax	6,218,000	2,658,000
Other	57,101	20,793
Capital loan notes payable (note 6)	-	-
Compensated absences	25,089	2,672
Total liabilities	6,494,040	3,225,490
Fund equity and other credits:		
Investment in general fixed assets	-	-
Fund balances:		
Reserved for:		
Prepaid insurance	87,156	-
Inventories	-	212,706
Hawk I - medicaid administration	13,378	-
Supplemental levy purposes	2,337,186	-
Debt service	-	-
Unreserved:		
Designated for conservation equipment purchases	15,195	-
Undesignated	1,202,451	1,571,981
Total fund equity and other credits	3,655,366	1,784,687
Total liabilities, fund equity and other credits	\$10,149,406	5,010,177

See notes to financial statements.

Capital Projects	Fiduciary Fund Type Trust and Agency	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Debt	
7,287	88,539	-	-	596,407
-	118	-	-	27,863
-	86,834	-	-	86,834
-	32,271,900	-	-	32,481,449
-	89,387	-	-	89,387
-	-	-	-	8,876,000
-	-	-	-	77,894
-	-	-	87,500	87,500
-	32,507	-	598,561	658,829
7,287	32,569,285	-	686,061	42,982,163
-	-	17,246,547	-	17,246,547
-	-	-	-	87,156
-	-	-	-	212,706
-	-	-	-	13,378
-	-	-	-	2,337,186
15,000	-	-	-	15,000
-	-	-	-	15,195
350,727	77,866	-	-	3,203,025
365,727	77,866	17,246,547	-	23,130,193
373,014	32,647,151	17,246,547	686,061	66,112,356

Des Moines County

Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - All Governmental Fund Types
and Expendable Trust Fund

Year ended June 30, 2002

	Governmental Fund	
	General	Special Revenue
Revenues:		
Property and other County tax	\$ 6,864,790	3,154,991
Interest and penalty on property tax	155,753	-
Intergovernmental	2,662,377	4,366,744
Licenses and permits	51,894	1,285
Charges for service	794,660	15,512
Use of money and property	323,753	9,995
Fines, forfeitures and defaults	42,151	-
Miscellaneous	97,252	241,802
Total revenues	<u>10,992,630</u>	<u>7,790,329</u>
Expenditures:		
Operating:		
Public safety	3,741,334	-
Court services	317,427	-
Physical health and education	1,040,057	80,000
Mental health	-	3,801,057
Social services	744,120	-
County environment	398,635	174,614
Roads and transportation	-	3,326,754
State and local government services	556,782	5,074
Interprogram services	3,171,337	68,318
Capital projects	91,066	452,368
Total expenditures	<u>10,060,758</u>	<u>7,908,185</u>
Excess (deficiency) of revenues over (under) expenditures	<u>931,872</u>	<u>(117,856)</u>
Other financing sources (uses):		
Operating transfers in	-	1,307,840
Operating transfers out	(386,952)	(1,128,314)
Total other financing sources (uses)	<u>(386,952)</u>	<u>179,526</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	544,920	61,670
Fund balances beginning of year	3,023,290	1,731,450
Increase (decrease) in reserve for:		
Inventories	-	(8,433)
Prepaid insurance	87,156	-
Fund balances end of year	<u>\$ 3,655,366</u>	<u>1,784,687</u>

See notes to financial statements.

<u>Types</u>	<u>Fiduciary Fund Type</u>	<u>Total</u>
<u>Capital Projects</u>	<u>Expendable Trust</u>	<u>(Memorandum Only)</u>
-	-	10,019,781
-	-	155,753
158,014	-	7,187,135
-	-	53,179
-	-	810,172
-	-	333,748
-	-	42,151
-	62,899	401,953
<u>158,014</u>	<u>62,899</u>	<u>19,003,872</u>
-	-	3,741,334
-	-	317,427
-	-	1,120,057
-	-	3,801,057
-	-	744,120
-	-	573,249
-	-	3,326,754
-	-	561,856
-	-	3,239,655
7,287	135,088	685,809
<u>7,287</u>	<u>135,088</u>	<u>18,111,318</u>
<u>150,727</u>	<u>(72,189)</u>	<u>892,554</u>
200,000	7,426	1,515,266
-	-	(1,515,266)
<u>200,000</u>	<u>7,426</u>	<u>-</u>
350,727	(64,763)	892,554
15,000	142,629	4,912,369
-	-	(8,433)
-	-	87,156
<u>365,727</u>	<u>77,866</u>	<u>5,883,646</u>

Exhibit C

Des Moines County

Comparison of Receipts, Disbursements and
Changes in Balances - Actual to Budget (Cash Basis)
All Governmental Fund Types and Expendable Trust Fund

Year ended June 30, 2002

	Actual	Amended Budget	Variance - Favorable (Unfavorable)	Actual as % of Amended Budget
Receipts:				
Property and other County tax	\$10,008,876	10,011,520	(2,644)	100%
Interest and penalty on property tax	143,452	119,233	24,219	120%
Intergovernmental	7,364,487	7,307,865	56,622	101%
Licenses and permits	53,934	67,365	(13,431)	80%
Charges for service	814,229	693,050	121,179	117%
Use of money and property	428,654	333,005	95,649	129%
Fines, forfeitures and defaults	42,624	48,673	(6,049)	88%
Miscellaneous	336,236	292,596	43,640	115%
Total receipts	19,192,492	18,873,307	319,185	102%
Disbursements:				
Public safety	3,801,078	3,906,098	105,020	97%
Court services	317,951	513,993	196,042	62%
Physical health and education	1,093,427	1,130,073	36,646	97%
Mental health	3,976,227	4,173,508	197,281	95%
Social services	761,624	977,063	215,439	78%
County environment	585,557	719,617	134,060	81%
Roads and transportation	3,733,766	3,735,000	1,234	100%
State and local government services	569,965	645,776	75,811	88%
Interprogram services	3,279,010	4,512,972	1,233,962	73%
Debt service	-	40,616	40,616	-
Capital projects	550,837	765,943	215,106	72%
Total disbursements	18,669,442	21,120,659	2,451,217	88%
Excess (deficiency) of receipts over (under) disbursements	523,050	(2,247,352)		
Balance beginning of year	5,054,866	5,459,551		
Balance end of year	\$ 5,577,916	3,212,199		

See notes to financial statements.

Des Moines County

Notes to Financial Statements

June 30, 2002

(1) Summary of Significant Accounting Policies

Des Moines County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff, and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, and general administrative services.

A. Reporting Entity

For financial reporting purposes, Des Moines County has included all funds, organizations, account groups, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County. The County has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Des Moines County Assessor's Conference Board, Des Moines County Emergency Management Commission, Des Moines County Joint E911 Service Board, Des Moines County Regional Solid Waste Commission, South Iowa Area Crime Commission and Southeast Iowa Regional Planning Commission. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in an Agency Fund of the County.

The County also participates in the Des Moines County/City of Burlington Health Care Plan (Plan). The Plan was developed as the result of a 28E agreement between Des Moines County and the City of Burlington.

B. Fund Accounting

The accounts of the County are organized on the basis of funds and account groups, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balances, revenues and expenditures or expenses. The various funds and account groups and their designated purposes are as follows:

Governmental Funds

General Fund – The General Fund is the general operating fund of the County. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenses, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue Funds – The Special Revenue Funds are used to account for revenues derived from specific sources which are usually required by law or regulation to be accounted for in separate funds.

Capital Projects Fund – The Capital Projects Fund is utilized to account for all resources used in the acquisition and construction of capital facilities.

Fiduciary Funds

Trust Fund – The Trust Fund is used to account for assets held by the County in a trustee capacity. This includes the expendable trust fund which is accounted for in essentially the same manner as Governmental Funds.

Agency Funds – The Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds. Agency Funds are custodial in nature, assets equal liabilities, and do not involve measurement of results of operations.

Account Groups

General Fixed Assets – This account group is established to account for the general fixed assets of the County.

General Long-Term Debt – This account group is established to account for long-term debt of the County. Long-term liabilities expected to be financed from Governmental Funds are accounted for in this account group, not in the Governmental Funds.

C. Measurement Focus

Governmental Funds and the Expendable Trust Fund are accounted for on a spending or “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance is considered a measure of “available spendable resources.” Governmental Fund and Expendable Trust Fund operating statements present increases, revenues and other financing sources, and decreases, expenditures and other financing uses in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All Governmental Funds and the Expendable Trust Fund are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when they become both measurable and available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred, except for unmatured interest on general long-term debt, which is recognized when due. Disbursements for the purchase of assets providing future benefits are recorded as expenditures at time of purchase.

Property taxes, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The assets and liabilities of the Agency Funds are accounted for using the modified accrual basis of accounting.

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

E. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the combined balance sheet:

Cash and Pooled Investments - The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments are stated at fair value except for non-negotiable certificates of deposit which are stated at cost.

Property Tax Receivable - Property tax in Governmental Funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the County Board of Supervisors. Delinquent property taxes receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2000 assessed property valuations; is for the tax accrual period July 1, 2001 through June 30, 2002 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March, 2001.

Interest and Penalty on Property Tax Receivable - Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Special Assessments Receivable - Assessments receivable represent the amounts already assessed to individuals for work done which benefit their property. These assessments are payable by individuals in not less than ten nor more than twenty annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes. Assessments receivable represent assessments which are due and payable but have not been collected.

Drainage Assessments Receivable - Current drainage assessments receivable represent the amounts already assessed to individuals for work done on drainage districts which benefits their property. These assessments are payable by individuals in not less than 10 nor more than 20 annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other taxes.

Future drainage assessments receivable represent amounts which will be assessed to individuals and levied against their property in the future for work already done on drainage districts which benefit their property.

Current and future drainage assessments receivable represent assessments which are due and payable but have not been collected.

Due from and Due to Other Funds - During the course of its operations, the County has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2002, balances of interfund amounts receivable or payable have been recorded.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method. Inventories in the Special Revenue Funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories are equally offset by a fund balance reserve which indicates that they are not available to liquidate current obligations.

General Fixed Assets - General fixed assets are recorded as expenditures in the Governmental Funds and are capitalized (recorded and accounted for) in the General Fixed Assets Account Group. Assets in this account group are recorded at historical cost. Assets acquired by gift are accounted for at fair market value at the date of the gift. The General Fixed Assets Account Group excludes public domain or "infrastructure" general fixed assets such as roads, bridges, curbs, gutters, streets, sidewalks and similar assets that are immovable and of value only to the government.

In accordance with standards set forth by the Governmental Accounting Standards Board, depreciation expense is not recorded on the balance sheet for general fixed assets. At the time an asset is removed from service, the cost is removed from the General Fixed Asset Account Group. Maintenance and repairs are recorded as expenditures in the Governmental Funds as incurred and are not capitalized.

During the year ended June 30, 2002, no interest costs were capitalized since the County's policy is not to capitalize interest costs on assets constructed or acquired with tax-exempt debt paid for from annual debt service tax levies.

Due to Other Governments - Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable - Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds, the succeeding year property tax receivable, as well as delinquent property tax receivables and other receivables not collected within sixty days after year end.

Compensated Absences - County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. Accumulated sick leave is paid at 50% upon retirement if the retirees meet IPERS requirements. For the Agency Funds, these accumulations are recorded as liabilities in the year earned. In the Governmental Funds, the cost of vacation and sick leave payments expected to be liquidated currently are recorded as liabilities of the Governmental Fund. A liability has been recorded in the General Long-Term Debt Account Group representing the County's commitment to fund non-current compensated absences. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2002.

F. Budgets and Budgetary Accounting

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except agency funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 12 major classes of expenditures known as service areas, not by fund or fund type. These 12 service areas are: public safety, court services, physical health and education, mental health, social services, county environment, roads and transportation, state and local government services, interprogram services, non-program, debt service and capital projects. Service area disbursements required to be budgeted include disbursements for the general fund, special revenue funds, capital projects fund and the expendable trust fund. Although the budget document presents service area disbursements by fund, the legal level of control is at the aggregated service area level, not at the fund or fund type level. Legal budgetary control is also based upon the appropriation to each office or department.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

Exhibit C is a comparison of cash basis receipts, disbursements and changes in balances with the cash basis budget, which is legally controlled by service area,

not fund type. Operations and ending fund balances on the cash and modified accrual basis have been reconciled as follows:

	Governmental Fund Types					
	General			Special Revenue		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 11,181,297	(188,667)	10,992,630	7,848,696	(58,367)	7,790,329
Expenditures	10,150,686	(89,928)	10,060,758	8,407,418	(499,233)	7,908,185
Net	1,030,611	(98,739)	931,872	(558,722)	440,866	(117,856)
Other financing sources (uses)	(386,952)	-	(386,952)	179,526	-	179,526
Beginning fund balances	2,655,007	368,283	3,023,290	2,242,230	(510,780)	1,731,450
Increase (decrease) in reserve for:						
Inventories	-	-	-	-	(8,433)	(8,433)
Prepaid insurance	-	87,156	87,156	-	-	-
Ending fund balances	\$ 3,298,666	356,700	3,655,366	1,863,034	(78,347)	1,784,687

	Governmental Fund Types			Fiduciary Fund Type		
	Capital Projects			Expendable Trust		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 153,187	4,827	158,014	9,312	53,587	62,899
Expenditures	-	7,287	7,287	111,338	23,750	135,088
Net	153,187	(2,460)	150,727	(102,026)	29,837	(72,189)
Other financing sources (uses)	200,000	-	200,000	7,426	-	7,426
Beginning fund balances	15,000	-	15,000	142,629	-	142,629
Increase (decrease) in reserve for:						
Inventories	-	-	-	-	-	-
Prepaid insurance	-	-	-	-	-	-
Ending fund balances	\$ 368,187	(2,460)	365,727	48,029	29,837	77,866

	Total		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 19,192,492	(188,620)	19,003,872
Expenditures	18,669,442	(558,124)	18,111,318
Net	523,050	369,504	892,554
Other financing sources (uses)	-	-	-
Beginning fund balances	5,054,866	(142,497)	4,912,369
Increase (decrease) in reserve for:			
Inventories	-	(8,433)	(8,433)
Prepaid insurance	-	87,156	87,156
Ending fund balances	\$ 5,577,916	305,730	5,883,646

G. Total (Memorandum Only)

The total column on the combined balance sheet and the combined statement of revenues, expenditures and changes in fund balances is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with U.S. generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

(2) Cash and Pooled Investments

The County's deposits in banks at June 30, 2002 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The County's investments are categorized to give an indication of the level of risk assumed by the County at year end. The County's investments are all Category 1 which means that the investments are insured or registered or the securities are held by the County or its agent in the County's name.

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

The County's investments at June 30, 2002 are as follows:

<u>Type</u>	<u>Fair Value</u>
U.S. Government Securities	<u>\$453,551</u>

(3) Due From and Due to Other Funds

The detail of interfund receivables and payables at June 30, 2002 is as follows:

Receivable Fund	Payable Fund	Amount
General	Trust and Agency:	
	County Auditor	\$ 30
	County Recorder	53,830
	County Sheriff	9,095
	Auto License and Use Tax	21,630
Special Revenue:	Trust and Agency:	
County Recorder's	County Recorder	<u>2,249</u>
Records Management		
Total		<u>\$ 86,834</u>

(4) Property and Equipment

A summary of changes in property and equipment comprising general fixed assets for the year ended June 30, 2002 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Land	\$ 2,697,186	201,150	1,168	2,897,168
Buildings	5,759,153	146,820	3,794	5,902,179
Equipment	7,907,119	1,129,151	589,070	8,447,200
Total	<u>\$ 16,363,458</u>	<u>1,477,121</u>	<u>594,032</u>	<u>17,246,547</u>

(5) Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. The Agency Fund collections also include accruals of property tax for the succeeding year. The tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments is as follows:

Fund	Description	Amount
General	Services	<u>\$ 18,250</u>
Special Revenue:		
Mental Health	Services	185,928
Rural Services		4,652
Secondary Roads		<u>719</u>
		<u>191,299</u>

Fund	Description	Amount
Trust and Agency:		
County Assessor	Collections	1,174,145
Schools		15,717,345
Community Colleges		1,261,013
Corporations		11,864,571
Auto License and Use Tax		658,490
Drainage Districts		642,674
Special Assessments		291,115
E911		173,937
All other		<u>488,610</u>
		<u>32,271,900</u>
Total		<u>\$32,481,449</u>

(6) Changes in Long-Term Debt

A summary of changes in long-term debt for the year ended June 30, 2002 is as follows:

	Capital Loan Notes	Compen- sated Absences	Total
Balance beginning of year	\$ 106,000	478,805	584,805
Additions	-	119,756	119,756
Deletions	<u>18,500</u>	-	<u>18,500</u>
Balance end of year	<u>\$ 87,500</u>	<u>598,561</u>	<u>686,061</u>

Capital Loan Notes

Des Moines County is one of ten participating member counties in the South Iowa Area Detention Service Agency (SIADSA) Capital Loan Note Certificates agreement. Each member County issued \$230,000 of General Obligation Capital Loan Notes on May 1, 1991 to the SIADSA which secured \$2,300,000 of Capital Loan Note Certificates issued by SIADSA. SIADSA is holding cash of \$15,000, which represents the unspent note proceeds, in escrow for Des Moines County at June 30, 2002. The notes issued by the County are payable from the General Fund as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2003	6.80%	\$ 19,500	6,065	25,565
2004	6.90	21,000	4,739	25,739
2005	7.00	22,500	3,290	25,790
2006	7.00	24,500	1,715	26,215
Total		<u>\$ 87,500</u>	<u>15,809</u>	<u>103,309</u>

During the year ended June 30, 2002, \$18,500 of the notes were retired.

(7) Pension and Retirement Benefits

The County contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the County is required to contribute 5.75% of annual covered payroll except for law enforcement employees, in which case the percentages are 5.50% and 8.25%, respectively. Contribution requirements are established by state statute. The County's contribution to IPERS for the years ended June 30, 2002, 2001, and 2000 were \$354,264 \$337,276, and \$325,187, respectively, equal to the required contributions for each year.

(8) Risk Management

Des Moines County is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(9) Budget Overexpenditure

Per the Code of Iowa, disbursements may not legally exceed amounts budgeted by Service Area or amounts appropriated by department. During the year ended June 30, 2002, disbursements in certain departments exceeded the amounts appropriated.

(10) Des Moines County/City of Burlington Health Care Plan

The County, in conjunction with the City of Burlington, Iowa, the Southeast Iowa Regional Airport Authority (SIRAA), and other organizations, entered into an agreement as authorized in Chapter 28E of the Code of Iowa for health insurance which is funded through employer and employee contributions. The County, the City, the Waterworks, the SIRAA, and the other organizations are contingently liable with respect to medical claims made by the participants in the plan. The plan is self insured up to a stop loss amount including aggregate coverage of 125% of established covered claims and specific coverage with a \$75,000 attachment point. Coverage from an independent insurer is maintained for losses in excess of both the individual and aggregate stop loss amounts. Claims based on occurrences prior to July 1, 1983 remain insured under previous insurance policies. All claims handling procedures are performed by an independent claims administrator. Settled claims have not exceeded the plan coverage during any of the past three years.

The unaudited cash balance of the Des Moines County/City of Burlington Health Care Plan was \$449,887 at June 30, 2002. The plan had unaudited claims expense, after reinsurance reimbursement, of \$3,674,226 for the plan year ended June 30, 2002. The plan had an unaudited reserve for incurred but unpaid claims of \$531,594 at June 30, 2002.

(11) Industrial Development Revenue Bonds

The County has issued a total of \$1,000,000 industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa. The bonds and related interest are payable solely from the rents payable by tenants of the properties constructed, and the bond principal and interest do not constitute liabilities of the County.

(12) Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement Number 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments; Statement Number 37, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments; Omnibus; and Statement Number 38, Certain Financial Statement Note Disclosures. These statements will be implemented for the fiscal year ending June 30, 2003. The effects are expected to significantly impact the presentation of governmental financial statements in the year of implementation. The revised requirements include using the economic resources measurement focus and full accrual accounting. Also, the revised minimum reporting requirements include Management's Discussion and Analysis to introduce the financial statements and to provide an analytical overview of the financial activities.

Des Moines County

Supplemental Information

Schedule 1

Des Moines County

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Year ended June 30, 2002

Revenues:

Property and other County tax:

Property tax	\$ 5,807,750	
Local option sales tax	412,599	
Utility tax replacement excise tax	524,719	
Excursion boat wagering tax allocation	95,066	
Other	<u>24,656</u>	\$ 6,864,790

Interest and penalty on property tax

155,753

Intergovernmental:

State shared revenues:

Franchise tax	<u>38,378</u>	
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State grants and reimbursements including indirect federal funding:

Home care aide grant	123,365	
Human services administration reimbursements	106,130	
Public health nurse grants	64,240	
Maternal and child health services block grant to the states	43,769	
Support services contract	135,111	
Other	<u>712,717</u>	
	<u>1,185,332</u>	

State tax replacements:

State tax credits	567,288	
State allocation	<u>214,553</u>	
	<u>781,841</u>	

Direct federal grants and entitlements:

Medicare and medicaid	275,922	
Other	<u>194,677</u>	
	<u>470,599</u>	

Contributions and reimbursements from other governmental units:

Contract law enforcement	71,750	
Other	<u>114,477</u>	
	<u>186,227</u>	2,662,377

Licenses and permits

51,894

Charges for service:

Office fees and collections	338,611	
Auto license, use tax and postage	262,842	
Other	<u>193,207</u>	794,660

Des Moines County

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balance

Year ended June 30, 2002

Revenues (continued):		
Use of money and property:		
Interest on investments	318,857	
Other	<u>4,896</u>	323,753
Fines, forfeitures and defaults		42,151
Miscellaneous		<u>97,252</u>
Total revenues		<u>10,992,630</u>
Expenditures:		
Operating:		
Public safety		3,741,334
Court services		317,427
Physical health and education		1,040,057
Social services		744,120
County environment		398,635
State and local government services		556,782
Interprogram services		3,171,337
Capital projects		<u>91,066</u>
Total expenditures		<u>10,060,758</u>
Excess of revenues over expenditures		<u>931,872</u>
Other financing uses:		
Operating transfers out:		
Special Revenue:		
Secondary Roads		(179,526)
Capital Projects		(200,000)
Expendable Trust:		
Conservation Land Acquisition Trust		<u>(7,426)</u>
Total other financing uses		<u>(386,952)</u>
Excess of revenues over expenditures and other financing uses		544,920
Fund balance beginning of year		3,023,290
Increase in reserve for prepaid insurance		<u>87,156</u>
Fund balance end of year		<u><u>\$ 3,655,366</u></u>

See accompanying independent auditor's report.

Des Moines County

Des Moines County

General Fund

Statement of Expenditures

Year ended June 30, 2002

Public Safety Service Area:

Law enforcement:

Uniformed patrol services	\$ 772,985	
Investigations	730,686	
Law enforcement communication	113,204	
Adult correction services	850,601	
Administration	436,348	
	<u>2,903,824</u>	

Legal services:

Criminal prosecution	370,265	
Medical examinations	52,116	
Child support recovery	349,829	
	<u>772,210</u>	

Emergency services:

Ambulance services	6,125	
Disaster services	59,175	
	<u>65,300</u>	\$ 3,741,334

Court Services Service Area:

Assistance to district court system:

Research and other assistance	<u>40,000</u>	
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Court proceedings:

Juries and witnesses	245	
Detention services	206,514	
Court costs	17,102	
Service of civil papers	37,330	
	<u>261,191</u>	

Juvenile justice administration:

Juvenile victim restitution	148	
Juvenile representation services	594	
Court-appointed attorneys and court costs for juveniles	15,494	
	<u>16,236</u>	317,427

Physical Health and Education Service Area:

Physical health services:

Personal and family health services	694,698	
Communicable disease prevention & control services	53,023	
Sanitation	99,173	
Health administration	126,654	
	<u>973,548</u>	

Educational services:

Fairgrounds	<u>66,509</u>	1,040,057
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Schedule 2

Des Moines County

General Fund

Statement of Expenditures

Year ended June 30, 2002

Social Services Service Area:		
Services to the poor:		
Administration	312,546	
General welfare services	159,110	
	<u>471,656</u>	
Services to military veterans:		
Administration	16,259	
General services to veterans	39,854	
	<u>56,113</u>	
Services to other adults:		
Services to the elderly	37,520	
Other social services	90,418	
	<u>127,938</u>	
Chemical dependency:		
Treatment services	45,957	
Preventive services	42,456	
	<u>88,413</u>	744,120
County Environment Service Area:		
Conservation and recreation services:		
Administration	98,625	
Maintenance and operations	221,803	
Recreation and environmental education	70,457	
	<u>390,885</u>	
County development:		
Economic development	7,750	398,635
Representation services:		
Elections administration	85,970	
Local elections	36,128	
Township officials	2,860	
	<u>124,958</u>	
State administrative services:		
Motor vehicle registrations and licensing	249,436	
Recording of public documents	182,388	
	<u>431,824</u>	556,782

Des Moines County

General Fund

Statement of Expenditures

Year ended June 30, 2002

Interprogram Services Service Area:

Policy and administration:

General County management	1,720,350	
Administrative management services	254,631	
Treasury management services	201,850	
Other policy and administration	53,021	
	<u>2,229,852</u>	

Central services:

General services	417,969	
Data processing services	306,523	
	<u>724,492</u>	

Risk management services:

Tort liability	212,572	
Unemployment compensation	4,421	
	<u>216,993</u>	

3,171,337

Capital Projects Service Area:

Other capital projects		<u>91,066</u>
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Total

\$ 10,060,758

See accompanying independent auditor's report.

Des Moines County
Special Revenue Funds
Combining Balance Sheet
June 30, 2002

	Mental Health	Rural Services
Assets		
Cash and pooled investments	\$ 359,182	338,744
Receivables:		
Property tax		
Delinquent	21,740	7,115
Succeeding year	1,650,000	1,008,000
Accrued interest	-	-
Due from other funds	-	-
Due from other governments	2,040	16,833
Inventories	-	-
	\$ 2,032,962	1,370,692
Liabilities and Fund Equity		
Liabilities:		
Accounts payable	\$ 108,000	7,577
Salaries and benefits payable	-	575
Due to other governments	185,928	4,652
Deferred revenue:		
Succeeding year property tax	1,650,000	1,008,000
Other	13,946	6,847
Compensated absences	334	-
Total liabilities	1,958,208	1,027,651
Fund equity:		
Fund balance:		
Reserved for inventories	-	-
Unreserved	74,754	343,041
Total fund equity	74,754	343,041
	\$ 2,032,962	1,370,692

See accompanying independent auditor's report.

Secondary Roads	County Recorder's Records Management	Resource Enhance- ment and Protection	Correctional Facility Reserve	Total
1,021,374	52,538	37,780	53,416	1,863,034
-	-	-	-	28,855
-	-	-	-	2,658,000
-	-	11	-	11
-	2,249	-	-	2,249
226,449	-	-	-	245,322
212,706	-	-	-	212,706
1,460,529	54,787	37,791	53,416	5,010,177
222,290	-	-	-	337,867
14,284	-	-	-	14,859
719	-	-	-	191,299
-	-	-	-	2,658,000
-	-	-	-	20,793
2,338	-	-	-	2,672
239,631	-	-	-	3,225,490
212,706	-	-	-	212,706
1,008,192	54,787	37,791	53,416	1,571,981
1,220,898	54,787	37,791	53,416	1,784,687
1,460,529	54,787	37,791	53,416	5,010,177

Des Moines County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2002

	Mental Health	Rural Services
Revenues:		
Property and other County tax:		
Property tax	\$ 1,032,532	913,003
Local option sales tax	-	274,701
Utility tax replacement excise tax	93,057	143,824
Other	4,373	6,749
	<u>1,129,962</u>	<u>1,338,277</u>
Intergovernmental:		
State shared revenues:		
Road use tax	-	-
State grants and reimbursements including indirect federal funding:		
Social services block grant	213,904	-
Mental health allocation	322,588	-
Mental health allowed growth factor	147,651	-
Other	10,000	-
	<u>694,143</u>	<u>-</u>
State tax replacements:		
State tax credits	100,607	58,109
Mental health property tax relief	1,221,490	-
	<u>1,322,097</u>	<u>58,109</u>
Contributions and reimbursements from other governmental units:		
Other	-	-
	<u>2,016,240</u>	<u>58,109</u>
Licenses and permits	-	-
Charges for service	5,792	-
Use of money and property:		
Interest on investment	-	-
Other	5,316	1,000
	<u>5,316</u>	<u>1,000</u>
Miscellaneous:		
Case management reimbursements	192,330	-
Other	2,368	2,470
	<u>194,698</u>	<u>2,470</u>
Total revenues	<u><u>3,352,008</u></u>	<u><u>1,399,856</u></u>

Secondary Roads	County Recorder's Records Management	Resource Enhance- ment and Protection	Correctional Facility Reserve	Total
-	-	-	-	1,945,535
686,752	-	-	-	961,453
-	-	-	-	236,881
-	-	-	-	11,122
686,752	-	-	-	3,154,991
2,185,515	-	-	-	2,185,515
-	-	-	-	213,904
-	-	-	-	322,588
-	-	-	-	147,651
8,873	-	15,891	-	34,764
8,873	-	15,891	-	718,907
-	-	-	-	158,716
-	-	-	-	1,221,490
-	-	-	-	1,380,206
82,116	-	-	-	82,116
2,276,504	-	15,891	-	4,366,744
1,285	-	-	-	1,285
267	9,453	-	-	15,512
-	1,152	1,026	1,501	3,679
-	-	-	-	6,316
-	1,152	1,026	1,501	9,995
-	-	-	-	192,330
44,634	-	-	-	49,472
44,634	-	-	-	241,802
3,009,442	10,605	16,917	1,501	7,790,329

Des Moines County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2002

	Mental Health	Rural Services
Expenditures:		
Operating:		
Physical Health and Education Service Area:		
Educational services:		
Libraries	-	80,000
Mental Health Service Area:		
Persons with mental health problems - mental illness:		
General administration	274,361	-
Personal and environmental support	10,358	-
Treatment services	8,543	-
Vocational and day services	1,798	-
Licensed or certified living arrangements	58,480	-
Institutional, hospital, and commitment services	59,824	-
	<u>413,364</u>	-
Persons with chronic mental illness:		
Coordination services	184,486	-
Personal and environmental support	63,345	-
Treatment services	397,596	-
Vocational and day services	60,791	-
Licensed or certified living arrangements	493,596	-
Institutional, hospital, and commitment services	243,210	-
	<u>1,443,024</u>	-
Persons with mental retardation:		
Coordination services	19,858	-
Personal and environmental support	27,655	-
Treatment services	2,577	-
Vocational and day services	382,604	-
Licensed or certified living arrangements	957,578	-
Institutional, hospital, and commitment services	378,331	-
	<u>1,768,603</u>	-
Persons with other developmental disabilities:		
Coordination services	1,994	-
Vocational and day services	40,576	-
Licensed or certified living arrangements	133,496	-
	<u>176,066</u>	-
	<u>3,801,057</u>	-

Secondary Roads	County Recorder's Records Management	Resource Enhance- ment and Protection	Correctional Facility Reserve	Total
-	-	-	-	80,000
-	-	-	-	274,361
-	-	-	-	10,358
-	-	-	-	8,543
-	-	-	-	1,798
-	-	-	-	58,480
-	-	-	-	59,824
-	-	-	-	413,364
-	-	-	-	184,486
-	-	-	-	63,345
-	-	-	-	397,596
-	-	-	-	60,791
-	-	-	-	493,596
-	-	-	-	243,210
-	-	-	-	1,443,024
-	-	-	-	19,858
-	-	-	-	27,655
-	-	-	-	2,577
-	-	-	-	382,604
-	-	-	-	957,578
-	-	-	-	378,331
-	-	-	-	1,768,603
-	-	-	-	1,994
-	-	-	-	40,576
-	-	-	-	133,496
-	-	-	-	176,066
-	-	-	-	3,801,057

Des Moines County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2002

	Mental Health	Rural Services
Expenditures (continued):		
Operating:		
County Environment Service Area:		
Environmental quality:		
Weed eradication	-	121,997
Solid waste disposal	-	52,617
	-	174,614
Roads and Transportation Service Area:		
Secondary roads administration and engineering:		
Administration	-	-
Engineering	-	-
	-	-
Roadway maintenance:		
Bridges and culverts	-	-
Roads	-	-
Snow and ice control	-	-
Traffic controls	-	-
Road clearing	-	-
	-	-
General roadway expenditures:		
Equipment	-	-
Equipment operations	-	-
Tools, materials, and supplies	-	-
Real estate and buildings	-	-
	-	-
	-	-
State and Local Government Services Service Area:		
State administrative services:		
Recording of public documents	-	-
	-	-
Interprogram Services Service Area:		
Policy and administration:		
General County management	-	68,318

Secondary Roads	County Recorder's Records Management	Resource Enhance- ment and Protection	Correctional Facility Reserve	Total
-	-	-	-	121,997
-	-	-	-	52,617
-	-	-	-	174,614
176,999	-	-	-	176,999
338,124	-	-	-	338,124
515,123	-	-	-	515,123
160,174	-	-	-	160,174
1,458,891	-	-	-	1,458,891
80,450	-	-	-	80,450
85,979	-	-	-	85,979
63,487	-	-	-	63,487
1,848,981	-	-	-	1,848,981
306,644	-	-	-	306,644
366,244	-	-	-	366,244
62,548	-	-	-	62,548
227,214	-	-	-	227,214
962,650	-	-	-	962,650
3,326,754	-	-	-	3,326,754
-	5,074	-	-	5,074
-	-	-	-	68,318

Des Moines County

Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Year ended June 30, 2002

	Mental Health	Rural Services
Expenditures (continued):		
Capital Projects Service Area:		
Roadway construction	-	-
Total expenditures	<u>3,801,057</u>	<u>322,932</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(449,049)</u>	<u>1,076,924</u>
Other financing sources (uses):		
Operating transfers in (out):		
General	-	-
Special Revenue:		
Rural Services	-	-
Secondary Roads	-	<u>(1,128,314)</u>
Total other financing sources (uses)	<u>-</u>	<u>(1,128,314)</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(449,049)	(51,390)
Fund balances beginning of year	523,803	394,431
Decrease in reserve for inventories	-	-
Fund balances end of year	<u>\$ 74,754</u>	<u>343,041</u>

See accompanying independent auditor's report.

Secondary Roads	County Recorder's Records Management	Resource Enhance- ment and Protection	Correctional Facility Reserve	Total
452,368	-	-	-	452,368
3,779,122	5,074	-	-	7,908,185
(769,680)	5,531	16,917	1,501	(117,856)
179,526	-	-	-	179,526
1,128,314	-	-	-	1,128,314
-	-	-	-	(1,128,314)
1,307,840	-	-	-	179,526
538,160	5,531	16,917	1,501	61,670
691,171	49,256	20,874	51,915	1,731,450
(8,433)	-	-	-	(8,433)
1,220,898	54,787	37,791	53,416	1,784,687

Des Moines County

Des Moines County

Capital Projects Fund

Statement of Revenues, Expenditures and
Changes in Fund Balances

Year ended June 30, 2002

Revenue:	
Intergovernmental:	
Contributions and reimbursements from other governmental units:	
Allocations for geographic data base information system	\$ 158,014
Expenditures:	
Capital Projects Service Area:	
Other	<u>7,287</u>
Excess of revenues over expenditures	150,727
Other financing sources:	
Operating transfers in:	
General	<u>200,000</u>
Excess of revenues and other financing sources over expenditures	350,727
Fund balance beginning of year	<u>15,000</u>
Fund balances end of year	<u><u>\$ 365,727</u></u>

See accompanying independent auditor's report.

Des Moines County
Trust and Agency Funds
Combining Balance Sheet
June 30, 2002

	Expendable Trust Fund			
	Conservation Land Acquisition Trust	County Offices		
		County Auditor	County Recorder	County Sheriff
Assets				
Cash and pooled investments:				
County Treasurer	\$ 48,029	-	-	-
Other County officials	-	50,862	72,470	47,653
Receivables:				
Property tax:				
Delinquent	-	-	-	-
Succeeding	-	-	-	-
Accounts	53,587	-	153	-
Special assessments:				
Current	-	-	-	-
Future	-	-	-	-
Drainage assessments:				
Current	-	-	-	-
Future	-	-	-	-
Due from other governments	-	-	-	-
Total assets	\$ 101,616	50,862	72,623	47,653
Liabilities and Fund Equity				
Liabilities:				
Accounts payable	\$ 23,750	-	-	-
Salaries and benefits payable	-	-	-	-
Due to other funds	-	30	56,079	9,095
Due to other governments	-	-	16,544	3
Trusts payable	-	50,832	-	38,555
Compensated absences	-	-	-	-
Total liabilities	23,750	50,862	72,623	47,653
Fund equity:				
Unreserved fund balance	77,866	-	-	-
Total liabilities and fund equity	\$ 101,616	50,862	72,623	47,653

Agency Funds							
Agricultural Extension Education	County Assessor	Schools	Community Colleges	Corpor- ations	Town- ships	Auto License and Use Tax	Anatomical Gift Donations
2,284	704,347	223,700	11,459	158,276	2,497	680,120	153
-	-	-	-	-	-	-	-
2,160	6,469	214,645	15,554	150,295	1,796	-	-
164,000	491,000	15,279,000	1,234,000	11,556,000	242,000	-	-
-	-	-	-	-	-	-	1
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
168,444	1,201,816	15,717,345	1,261,013	11,864,571	246,293	680,120	154
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	21,630	-
168,444	1,174,145	15,717,345	1,261,013	11,864,571	246,293	658,490	154
-	-	-	-	-	-	-	-
-	27,671	-	-	-	-	-	-
168,444	1,201,816	15,717,345	1,261,013	11,864,571	246,293	680,120	154
-	-	-	-	-	-	-	-
168,444	1,201,816	15,717,345	1,261,013	11,864,571	246,293	680,120	154

Des Moines County
Trust and Agency Funds
Combining Balance Sheet
June 30, 2002

	Brucellosis and Tuberculosis Eradication	Partial Tax Payments
Assets		
Cash and pooled investments:		
County Treasurer	714	645
Other County officials	-	-
Receivables:		
Property tax		
Delinquent	57	-
Succeeding year	4,000	-
Accounts	-	-
Special assessments		
Current	-	-
Future	-	-
Drainage assessments:		
Current	-	-
Future	-	-
Due from other governments	-	-
Total assets	4,771	645
Liabilities and Fund Equity		
Liabilities:		
Accounts payable	-	-
Salaries and benefits payable	-	-
Due to other funds	-	-
Due to other governments	4,771	645
Trusts payable	-	-
Compensated absences	-	-
Total liabilities	4,771	645
Fund equity:		
Unreserved fund balance	-	-
Total liabilities and fund equity	4,771	645

See accompanying independent auditor's report.

Agency Funds					
Drainage Districts	Emergency Management Services	Special Assessments	E911 Service Commission	E911 Surcharge	Total
580,246	54,024	69,484	877	208,654	2,745,509
-	-	-	-	-	170,985
-	-	-	-	-	390,976
-	-	-	-	-	28,970,000
-	-	-	-	28,663	82,404
-	-	31,393	-	-	31,393
-	-	190,238	-	-	190,238
1,616	-	-	-	-	1,616
60,812	-	-	-	-	60,812
-	3,111	-	-	107	3,218
642,674	57,135	291,115	877	237,424	32,647,151
-	425	-	-	64,364	88,539
-	118	-	-	-	118
-	-	-	-	-	86,834
642,674	51,756	291,115	877	173,060	32,271,900
-	-	-	-	-	89,387
-	4,836	-	-	-	32,507
642,674	57,135	291,115	877	237,424	32,569,285
-	-	-	-	-	77,866
642,674	57,135	291,115	877	237,424	32,647,151

Des Moines County

Combining Statement of Changes in Assets and Liabilities -
Agency Funds

Year ended June 30, 2002

	County Offices			Agricultural
	County Auditor	County Recorder	County Sheriff	Extension Education
Assets and Liabilities				
Balances beginning of year	\$ 50,052	82,097	43,199	160,873
Additions:				
Property and other County tax	-	-	-	165,638
E911 surcharge	-	-	-	-
State tax credits	-	-	-	14,159
State allocation	-	-	-	-
Office fees and collections	2,504	410,876	114,115	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	-
Trusts	6,713	-	791,562	-
Miscellaneous	-	-	-	-
Total additions	9,217	410,876	905,677	179,797
Deductions:				
Agency Remittances:				
To other funds	2,703	241,594	112,389	-
To other governments	-	178,756	95	172,226
Trusts paid out	5,704	-	788,739	-
Total deductions	8,407	420,350	901,223	172,226
Balances end of year	\$ 50,862	72,623	47,653	168,444

County Assessor	Schools	Community Colleges	Corporations	Townships	State General Fund	Auto License and Use Tax
1,203,696	15,474,511	855,780	10,997,796	252,995	-	638,334
494,176	15,429,140	1,244,810	11,319,317	253,872	549	-
-	-	-	-	-	-	-
45,305	1,370,474	70,583	924,018	13,713	-	-
5,598	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	8,392,909
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,650	9,072	-	1,396	-	-	-
547,729	16,808,686	1,315,393	12,244,731	267,585	549	8,392,909
-	-	-	-	-	-	261,125
549,609	16,565,852	910,160	11,377,956	274,287	549	8,089,998
-	-	-	-	-	-	-
549,609	16,565,852	910,160	11,377,956	274,287	549	8,351,123
1,201,816	15,717,345	1,261,013	11,864,571	246,293	-	680,120

Des Moines County

Combining Statement of Changes in Assets and Liabilities -
Agency Funds

Year ended June 30, 2002

Assets and Liabilities	Anatomical Gift Donation	Brucellosis and Tuberculosis Eradication	Partial Tax Payments	Drainage Districts
Balances beginning of year	31	5,135	3,247	655,253
Additions:				
Property and other County tax	-	4,466	-	-
E911 surcharge	-	-	-	-
State tax credits	-	489	-	-
State allocation	-	-	-	-
Office fees and collections	-	-	-	-
Auto licenses, use tax and postage	-	-	-	-
Assessments	-	-	-	419,487
Trusts	-	-	-	-
Miscellaneous	529	-	1,721	581,249
Total additions	529	4,955	1,721	1,000,736
Deductions:				
Agency Remittances:				
To other funds	-	-	-	-
To other governments	406	5,319	-	1,013,315
Trusts paid out	-	-	4,323	-
Total deductions	406	5,319	4,323	1,013,315
Balances end of year	154	4,771	645	642,674

See accompanying independent auditor's report.

Emergency Management Services	Special Assessments	Tax Sale Redemptions	E911 Service Commission	E911 Surcharge	Total
66,566	219,673	-	864	231,048	30,941,150
-	-	-	-	-	28,911,968
-	-	-	-	136,242	136,242
-	-	-	-	-	2,438,741
-	-	-	-	-	5,598
-	-	-	-	-	527,495
-	-	-	-	-	8,392,909
-	132,029	-	-	-	551,516
-	-	-	-	-	798,275
121,888	-	441,827	13	561,790	1,722,135
121,888	132,029	441,827	13	698,032	43,484,879
-	-	-	-	-	617,811
131,319	60,587	-	-	691,656	40,022,090
-	-	441,827	-	-	1,240,593
131,319	60,587	441,827	-	691,656	41,880,494
57,135	291,115	-	877	237,424	32,545,535

Schedule 8

Des Moines County

Comparison of Taxes and Intergovernmental Revenues

	Year ended June 30,			
	2002	2001	2000	1999
Taxes:				
Property and other County tax	\$ 7,753,285	7,366,513	7,330,381	6,692,560
Local option sales tax	1,374,052	1,346,248	1,443,445	1,249,266
Utility tax replacement excise tax	761,600	744,852	-	-
Other	130,844	121,236	134,511	109,848
	<u>10,019,781</u>	<u>9,578,849</u>	<u>8,908,337</u>	<u>8,051,674</u>
Intergovernmental:				
State shared revenues:				
Franchise tax	38,378	25,157	84,022	29,178
Road use tax	2,185,515	2,095,825	2,126,305	1,725,883
State grants and reimbursements including indirect federal funding:				
Human services administration reimbursement	106,130	124,539	132,093	106,934
Maternal and child health services block grants to the state	43,769	113,277	60,029	88,172
Support services contract	135,111	145,837	114,017	113,941
Community economic betterment program	-	75,000	-	75,000
Social services block grant	213,904	211,447	211,597	205,887
Mental health allocation	322,588	288,337	266,193	266,193
Mental health allowed growth factor	147,651	205,129	197,395	168,652
State bridge grant	-	-	-	203,087
Other	935,086	1,196,427	1,006,447	545,787
State tax replacements:				
State tax credits	726,004	700,089	546,294	508,713
State allocation	214,553	225,506	226,156	225,888
Mental health property tax relief	1,221,490	1,221,490	1,221,490	1,221,490
Direct federal grants and entitlements:				
Medicare and medicaid	275,922	154,616	222,049	256,039
Other	194,677	176,928	95,278	49,934
Contributions and reimbursements from other governmental units:				
Contract law enforcement	71,750	41,390	95,884	65,192
Other	354,607	171,478	200,769	152,188
	<u>7,187,135</u>	<u>7,172,472</u>	<u>6,806,018</u>	<u>6,008,158</u>
Total	<u>\$ 17,206,916</u>	<u>16,751,321</u>	<u>15,714,355</u>	<u>14,059,832</u>

See accompanying independent auditor's report.

Des Moines County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2002

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expendi- tures
Indirect:			
U.S. Department of Agriculture:			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
State Administrative Matching Grants for Food Stamp Program	10.561		<u>17,405</u>
U.S. Department of Housing and Urban Development:			
Iowa Department of Economic Development:			
Community Development Block Grants/State's Program	14.228	02-CF-012-01	<u>9,112</u>
U.S. Department of Justice:			
Iowa Department of Human Rights:			
Juvenile Accountability Incentive Block Grants	16.523	JJYD-S01-19	<u>6,418</u>
Juvenile Justice and Delinquency Prevention-Allocation to States	16.540	JJYD-S02-19	<u>18,226</u>
Title V - Delinquency Prevention Program	16.548	JJYD-S01-19	<u>14,001</u>
Iowa Department of Justice-Crime Victim Assistance Division:			
Crime Victim Assistance	16.575	VA-02-38	<u>20,000</u>
Governor's Office on Drug Control Policy:			
Byrne Formula Grant Program	16.579	01D-1362	34,198
Byrne Formula Grant Program	16.579	01A-0265	<u>174,397</u>
			<u>208,595</u>
Local Law Enforcement Block Grants Program	16.592	00LE-0162	2,994
Local Law Enforcement Block Grants Program	16.592	01LE-0118	<u>5,919</u>
			<u>8,913</u>
U.S. Department of Labor:			
Iowa Department of Elder Affairs:			
Southeast Iowa Area Agency on Aging:			
Senior Community Service Employment Program	17.235		<u>960</u>
U.S. Department of Transportation:			
Iowa Department of Public Safety:			
State and Community Highway Safety	20.600	01-02, Task 13	<u>525</u>
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	02-410, Task 08	<u>10,652</u>

Schedule 9

Des Moines County
Schedule of Expenditures of Federal Awards
Year ended June 30, 2002

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expendi- tures
Indirect (continued):			
Federal Emergency Management Agency:			
Iowa Department of Public Defense:			
Emergency Management Division:			
Public Assistance Grants	83.544	DR-1367-IA	<u>143,508</u>
Hazard Mitigation Grant	83.548	1367-0003	<u>56,824</u>
Emergency Management Performance Grants	83.552		<u>21,400</u>
U.S. Department of Health and Human Services:			
Iowa Department of Public Health:			
HIV Prevention Activities-Health Department Based	93.940	5881AP08	2,534
HIV Prevention Activities-Health Department Based	93.940	5882AP08	<u>2,146</u>
			<u>4,680</u>
Childhood Lead Poisoning Prevention Projects-State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	5882LP05	<u>10,700</u>
Immunization Grants	93.268	5881I406	270
Immunization Grants	93.268	5882I406	<u>3,688</u>
			<u>3,958</u>
Family Support Payments to States - Assistance Payments	93.560	5882V029	<u>225</u>
Preventive Health and Health Services Block Grant	93.991	5881AS06	353
Preventive Health and Health Services Block Grant	93.991	5882AS06	<u>1,125</u>
			<u>1,478</u>
Maternal and Child Health Services Block Grant to the States	93.994	5881MC02	968
Maternal and Child Health Services Block Grant to the States	93.994	5882MC02	<u>42,801</u>
			<u>43,769</u>

Des Moines County
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2002

Grantor/Program	CFDA Number	Agency or Pass-through Number	Program Expendi- tures
Indirect (continued):			
U.S. Department of Health and Human Services (continued):			
Iowa Department of Public Health (continued):			
Southeast Iowa Area Agency on Aging:			
Special Programs for the Aging-Title III, Part F- Disease Prevention and Health Promotion Services	93.043		<u>6,957</u>
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Refugee and Entrant Assistance-State			
Administered Programs	93.566		<u>123</u>
Temporary Assistance to Needy Families	93.558		<u>27,244</u>
Child Care Mandatory and Matching Funds			
of the Child Care and Development Fund	93.596		<u>3,540</u>
Foster Care-Title IV-E	93.658		<u>9,136</u>
Adoption Assistance	93.659		<u>3,098</u>
Medical Assistance Program	93.778		<u>27,677</u>
Social Services Block Grant	93.667		<u>17,908</u>
Social Services Block Grant	93.667		<u>213,904</u>
			<u>231,812</u>
Total			<u>\$ 910,936</u>

Basis of Presentation – The Schedule of Expenditures of Federal Awards includes the federal grant activity of Des Moines County and is presented on the modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation, of the general purpose financial statements.

See accompanying independent auditor's report.

Des Moines County



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STATE OF IOWA

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Independent Auditor's Report on Compliance
and on Internal Control over Financial Reporting

To the Officials of Des Moines County:

We have audited the general purpose financial statements of Des Moines County, Iowa, as of and for the year ended June 30, 2002, and have issued our report thereon dated October 11, 2002. We conducted our audit in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Des Moines County's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2002 are based exclusively on knowledge obtained from procedures performed during our audit of the general purpose financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have been resolved except for items IV-B-02 and IV-E-02.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Des Moines County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Des Moines County's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part II of the accompanying Schedule of Findings and Questioned Costs.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we believe item II-A-02 is a material weakness. Prior year reportable conditions have not been resolved and are repeated as items II-A-02 and II-B-02.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Des Moines County and other parties to whom Des Moines County may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Des Moines County during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

October 11, 2002

**Independent Auditor's Report on
Compliance with Requirements Applicable to Each
Major Program and Internal Control over Compliance**

Des Moines County



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STATE OF IOWA

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**Independent Auditor's Report on Compliance with Requirements Applicable
to Each Major Program and Internal Control over Compliance**

To the Officials of Des Moines County:

Compliance

We have audited the compliance of Des Moines County, Iowa, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2002. Des Moines County's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Des Moines County's management. Our responsibility is to express an opinion on Des Moines County's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, Chapter 11 of the Code of Iowa, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Des Moines County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Des Moines County's compliance with those requirements.

In our opinion, Des Moines County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002.

Internal Control Over Compliance

The management of Des Moines County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Des Moines County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that non-compliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Des Moines County and other parties to whom Des Moines County may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

WARREN G. JENKINS, CPA
Chief Deputy Auditor of State

October 11, 2002

Des Moines County
Schedule of Findings and Questioned Costs
Year ended June 30, 2002

Part I: Summary of the Independent Auditor's Results

- (a) An unqualified opinion was issued on the financial statements.
- (b) Reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were identified.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major programs were as follows:
 - CFDA Number 93.667 – Social Services Block Grant
 - CFDA Number 83.544 – Public Assistance Grants
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Des Moines County qualifies as a low-risk auditee.

Des Moines County
Schedule of Findings and Questioned Costs
Year ended June 30, 2002

Part II: Findings Related to the General Purpose Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

II-A-02 County Sheriff – In the Civil Division one individual issues receipts, prepares deposits, records cash receipts, reconciles the bank account, and prepares, signs and mails checks for the bond account. Monthly reports are not being reviewed by an independent person.

Also, for the jail commissary account one individual issues receipts, prepares deposits, records cash receipts and prepares, signs and mails the checks.

A listing of money and checks received through the mail is not being prepared and compared with the cash receipt records by an independent person for either the civil account or for the jail account.

Recommendation – Operating procedures should be reviewed and duties segregated to obtain the maximum internal control possible under the circumstances.

Response – On a daily basis, the mail log total and the receipt/deposit total are compared. The office manager, or her designee will periodically during the month record the receipt of monies received for a specific date and then verify the deposit. Monthly reconciliation reports will be reviewed by the office manager or designee. We will attempt to comply with the above recommendations.

The jail administrator currently reconciles the checking accounts, bond and commissary, along with Administrative Assistant. When this is completed they both initial the bank envelope and date the envelope. The jail administrator will, when possible, attempt to initial deposits before they are deposited and verify with the receipt after deposit is made. The Jail Administrator opens checks received in the mail. The jail administrator will, when possible, attempt to periodically list checks coming into the facility by mail. This will, when possible, be reconciled with deposits made to the Des Moines County Treasurer's Office. We will attempt to comply with the above recommendations.

Conclusion – Response accepted.

II-B-02 County Sheriff – The County Sheriff purchased equipment and paid for office expenditures from telephone rebate proceeds and from commissary profits. These items were not reflected in the County's accounting system and have not been included in the County's annual budget or monthly financial reports.

Des Moines County

Schedule of Findings and Questioned Costs

Year ended June 30, 2002

Recommendation - Telephone rebate proceeds and commissary profits should be deposited into and expended from a Special Revenue Fund to ensure that purchases are properly budgeted and reflected in the County's accounting system.

Response - The proceeds from the telephone rebate and commissary profits have been completely and accurately accounted for on a daily, weekly, monthly and yearly basis. The telephone profits are from an inmate phone system that was installed and paid for without tax dollars. The commissary profits are there as a result of those items sold to inmates as result of their being placed into custody by local law enforcement and the court system.

In accordance with the wishes of the taxpayer, the Des Moines County Correctional Center has paid for as many inmates items as is possible from these funds, and meet the criteria as required for commissary funds.

The Des Moines County Correctional Center will attempt to have items purchased from commissary funds listed on fixed assets for record keeping and tracking.

Conclusion - Response acknowledged. Telephone rebate proceeds and commissary profits should be remitted to the County Treasurer. All expenditures of the Sheriff's Office should be presented to the County Board of Supervisors, through the County claim process, for approval and charged against the budget. Utilizing the same process of depositing revenues with the County Treasurer and expending resources with County warrants, after Board approval, provides for stronger segregation of duties and helps ensure that all public funds are spent for the purpose for which they were received.

Des Moines County
Schedule of Findings and Questioned Costs
Year ended June 30, 2002

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

REPORTABLE CONDITIONS:

No material weaknesses in internal control over the major programs were identified.

Des Moines County

Schedule of Findings and Questioned Costs

Year ended June 30, 2002

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-02 Official Depositories - A resolution naming official depositories has been adopted by the Board. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2002.

IV-B-02 Certified Budget - Budget amendments made during the year were not properly published and, therefore, were not effective. As a result, disbursements in certain departments exceeded the amounts originally appropriated.

Recommendation - Budget amendments should be properly published in accordance with Chapter 331.435 of the Code of Iowa.

Response - The County is now aware that there is a specific form to use when amending the budget and will use it in the future.

Conclusion - Response accepted.

IV-C-02 Questionable Expenditures - No expenditures that we believe may not meet the requirements of public purpose as defined in the Attorney General's opinion dated April 25, 1979 were noted.

IV-D-02 Travel Expense - No expenditures of County money for travel expenses of spouses of County officials or employees were noted.

IV-E-02 Business Transactions - Business transactions between the County and County officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Joyce Brockway, County Sheriff Office Manager, spouse of owner of Brockway Company Inc.	Equipment, parts and repairs	\$ 7,375

These transactions may represent a conflict of interest as defined in Chapter 331.342 of the Code of Iowa.

Recommendation - The County should consult legal counsel for the disposition of this matter.

Response - Joyce Brockway retired in July of 2002, so this situation will not occur in the future.

Conclusion - Response acknowledged. The County should consult legal counsel for the disposition of this matter for the year ended June 30, 2002.

Des Moines County

Schedule of Findings and Questioned Costs

Year ended June 30, 2002

- IV-F-02 Bond Coverage - Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of surety bond coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- IV-G-02 Board Minutes - No transactions were found that we believe should have been approved in the Board minutes but were not.
- IV-H-02 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the County's investment policy were noted.
- IV-I-02 Resource Enhancement and Protection Certification - The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- IV-J-02 County Extension Office - The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an extension council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2002 for the County Extension Office exceeded the amount budgeted.

Recommendation - The budget should have been amended in accordance with the Code of Iowa before disbursements were allowed to exceed the budget.

Response - We acknowledge that our budget should have been amended in accordance with the Code of Iowa before disbursements were allowed to exceed the budget and agree that in the future our budget will be so amended.

This situation occurred due to a misunderstanding regarding proper handling of grants and contracts when calculating allowable carryover.

Conclusion - Response accepted.

Des Moines County

Staff

This audit was performed by:

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